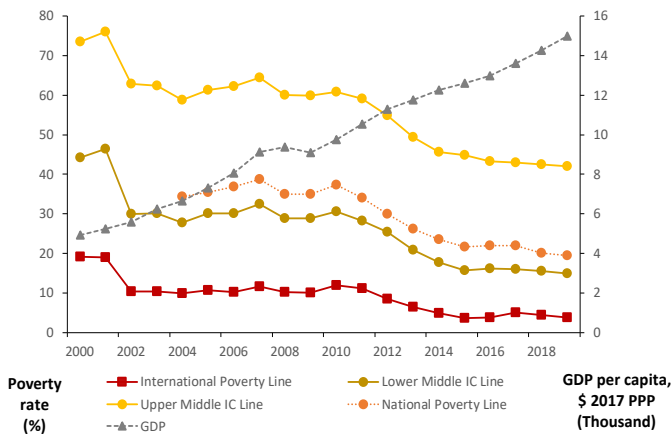After continuous poverty decline between 2010 and **2015—mainly** driven by increased labor market opportunities, pensions, social assistance, and agricultural **sales—and** signs of stagnation in 2016 and 2017, poverty showed reductions in 2018 and 2019. Using the international lower-middle income country poverty line of $3.2 (PPP 2011) per day, the poverty rate was 14.9 percent in 2019, lower by 0.6 percentage points than the rate in 2018, partly explained by the improvements in employment. In 2019, 42 percent of Georgians lived below the upper middle-income class poverty line of $5.5 (PPP 2011), 0.5 percentage points lower than 2018. Using the line of $1.90 PPP, extreme poverty in Georgia decreased from 4.5 percent to 3.8 percent between 2018 and 2019. The shared prosperity premium in Georgia was also positive during 2014-2019 at 1.02 percentage points. Between 2014 and 2019, consumption of the bottom 40 percent grew at a faster pace than the average consumption of all Georgians, with a 0.6 percentage points difference against the national average. Inequality also decreased in Georgia in 2019, with the Gini index decreasing from 36.4 in 2018 to 35.9 in 2019, as measured by the harmonized consumption aggregate used for international comparisons. However, COVID-19 and the economic contraction following the shutdown of economic activities and mobility restrictions in November 2020 are expected to have had a significant impact on poverty in 2020. According to the WB's macroeconomic projection, GDP per capita has contracted by 6.8 percent and poverty rate measured against the $5.5 (PPP 2011) poverty line could have increased by 3.7 percentage points between 2019 and 2020. Incorporating the possible distributional impact of COVID-19 on households through channels such as deterioration of health, incomes and job losses, poverty rate in 2020 may have been even higher - between 4 and 7 percentage points when measured against the $5.5 (PPP 2011) poverty line- depending on the scenarios used in the micro simulation model. The Government of Georgia introduced a series of fiscal policy measures to help mitigate the impact of the pandemic. Yet, the mitigation measures were insufficient to fully revert the impoverishment effects of the pandemic. Despite the signs of gradual recovery with GDP per capita in 2021 projected to rebound by 3 percent, the impact on the poor may be severe. Poor households with inadequate coping mechanisms could face increasing longer-term costs – such as school dropout or malnutrition – and thus the emergence of new poor will slow down poverty reduction progress in 2021.

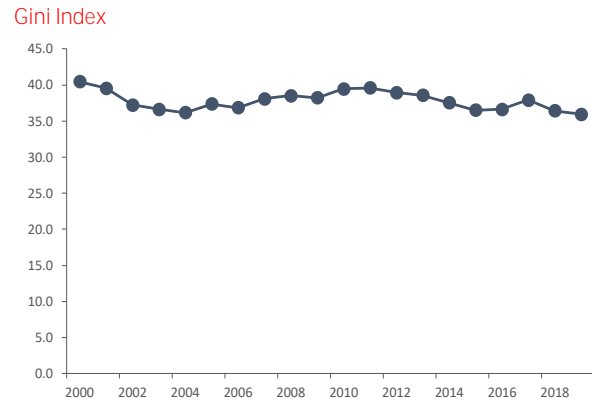| POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	724.8	19.5	2019
International Poverty Line 2 in Georgian lari (2019) or US$1.90 (2011 PPP) per day per capita	140.8	3.8	2019
Lower Middle Income Class Poverty Line 3.3 in Georgian lari (2019) or US$3.20 (2011 PPP) per day per capita	553.2	14.9	2019
Upper Middle Income Class Poverty Line 5.7 in Georgian lari (2019) or US$5.50 (2011 PPP) per day per capita	1,562.4	42.0	2019
Multidimensional Poverty Measure		3.8	2019
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.56	2014-2019
INEQUALITY			
Gini Index		35.9	2019
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.02	2014-2019
GROWTH			
Annualized GDP per capita growth		4.11	2014-2019
Annualized Consumption Growth per capita from Household Survey		0.54	2014-2019
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.96	2014-2019

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2021, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2000-2019

Poverty rate (%)	
■ International Poverty Line	● Lower Middle IC Line
● Upper Middle IC Line	● National Poverty Line
▲ GDP	

GDP per capita, $ 2017 PPP (Thousand)

Source: World Bank using HIS/ECAPOV/GMD

INEQUALITY TRENDS, 2000-2019

Gini Index

Source: World Bank using HIS/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2019	International Poverty Line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	97	3	34	66
Rural population	95	5	48	52
Males	96	4	40	60
Females	96	4	40	60
0 to 14 years old	94	6	50	50
15 to 64 years old	96	4	39	61
65 and older	98	2	32	68
Without education (16+)	93	N/A*	55	45
Primary education (16+)	96	4	44	56
Secondary education (16+)	96	4	43	57
Tertiary/post-secondary education (16+)	99	1	24	76

Source: World Bank using HIS/ECAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2019	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US$1.90 per person	3.8
Education	
At least one school-aged child is not enrolled in school	0.7
No adult has completed primary education	0.0
Access to basic infrastructure	
No access to limited-standard drinking water	7.0
No access to limited-standard sanitation	1.6
No access to electricity	0.0

Source: World Bank using HIS/ECAPOV/GMD

POVERTY DATA AND METHODOLOGY

The national poverty methodology uses absolute poverty line based on cost of basic needs methodology. Geostat also reports poverty indicators based on relative poverty (40 and 60 percent of median consumption). The national poverty methodology uses a welfare aggregate based on consumption (base year 2015) and it is scaled using adult equivalent estimates by Geostat. Prices are deflated across regions and time. Consumption information is collected through the Household Income and Expenditure Survey (HIES) –formerly Integrated Household Survey (IHS) – a nationally representative survey that collects quarterly consumption, income and other social indicators. The latest available year is 2019. In 2017, the IHS became the HIES and the sampling frame was updated to match the 2014 Population Census. Geostat also updated the IHS survey weights and recalculated national poverty rates for the period 2004-2016 accordingly, to match the 2014 Census. The World Bank's international poverty rates are based on the "dollar a day" methodology designed to reflect how the world's poorest countries define a minimum threshold of living standards, applicable across time and space using a sample of relative price levels within and across countries. The rate of international poverty is a headcount of the poor in a given country based on this international threshold, translated into local currencies and adjusted for temporal and spatial price differences. The welfare aggregate used for international poverty uses the per-capita scale. The quality of data for monitoring welfare in Georgia is high, and surveys are run annually in which households are interviewed in four consecutive quarters.

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.